



ASIATIC DEVELOPMENT BERHAD

(Incorporated in Malaysia under Company No : 34993-X)
 10th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. P.O. Box 11224,
 50740 Kuala Lumpur. Tel: 03-21782255/23332255 Fax: 03-21641032
 Website: <http://www.asiatic.com.my> E-mail: info@asiatic.com.my

SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the second quarter ended 30 June 2008. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2007 RM'000	CURRENT YEAR TO-DATE 30/06/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2007 RM'000
Revenue	321,935	192,444	594,988	341,720
Cost of sales	(148,551)	(86,294)	(266,604)	(159,709)
Gross profit	173,384	106,150	328,384	182,011
Other income	6,506	4,720	12,592	8,004
Other expenses	(23,645)	(18,000)	(43,574)	(33,601)
Profit from operations	156,245	92,870	297,402	156,414
Share of results in associates	1,373	724	3,414	1,439
Profit before taxation	157,618	93,594	300,816	157,853
Taxation	(40,932)	(17,906)	(68,744)	(35,081)
Profit for the financial period	<u>116,686</u>	<u>75,688</u>	<u>232,072</u>	<u>122,772</u>
Attributable to:				
Equity holders of the Company	115,085	75,008	229,246	121,454
Minority interests	1,601	680	2,826	1,318
	<u>116,686</u>	<u>75,688</u>	<u>232,072</u>	<u>122,772</u>
Basic earnings per share - sen	<u>15.22</u>	<u>9.97</u>	<u>30.32</u>	<u>16.16</u>
Diluted earnings per share - sen	<u>15.16</u>	<u>9.91</u>	<u>30.15</u>	<u>16.06</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	AS AT 30/6/2008 RM'000	AS AT 31/12/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	397,980	384,239
Land held for property development	314,359	232,765
Investment properties	10,441	10,594
Plantation development	487,558	469,510
Leasehold land use rights	243,840	249,180
Intangible assets	58,661	16,955
Jointly controlled entity	1,856	1,901
Associates	14,706	11,291
Long term investments	30,151	32,718
Deferred taxation	8,137	6,871
Current assets		
Property development costs	42,698	111,150
Inventories	126,575	119,500
Trade and other receivables	148,469	138,349
Amount due from associates	653	803
Short term investments	338,476	204,234
Bank balances and deposits	279,671	290,860
	<u>936,542</u>	<u>864,896</u>
TOTAL ASSETS	<u>2,504,231</u>	<u>2,280,920</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	378,142	377,569
Reserves	1,854,364	1,686,740
	<u>2,232,506</u>	<u>2,064,309</u>
Minority interests	12,375	11,549
Total equity	<u>2,244,881</u>	<u>2,075,858</u>
Non-current liabilities		
Other payables	15,592	15,592
Provision for directors' retirement gratuities	2,331	2,331
Deferred taxation	43,689	40,613
	<u>61,612</u>	<u>58,536</u>
Current liabilities		
Trade and other payables	133,071	119,220
Amount due to ultimate holding and other related companies	444	1,364
Taxation	37,640	25,942
Dividend	26,583	-
	<u>197,738</u>	<u>146,526</u>
Total liabilities	<u>259,350</u>	<u>205,062</u>
TOTAL EQUITY AND LIABILITIES	<u>2,504,231</u>	<u>2,280,920</u>
NET ASSETS PER SHARE (RM)	2.95	2.73

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008

<----- Attributable to equity holders of the Company ----->

	Reserve								
	Share	Share	Re-	Exchange	Option	Retained		Minority	Total
	Capital	Premium	valuation	Differences	Reserve	Earnings	Total	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2008	377,569	37,933	18,063	(3,868)	653	1,633,959	2,064,309	11,549	2,075,858
Foreign exchange differences recognised directly in equity	-	-	-	(2,904)	-	-	(2,904)	-	(2,904)
Net expense recognised directly in equity	-	-	-	(2,904)	-	-	(2,904)	-	(2,904)
Profit for the financial period	-	-	-	-	-	229,246	229,246	2,826	232,072
Total recognised income and expense for the financial period	-	-	-	(2,904)	-	229,246	226,342	2,826	229,168
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(2,000)	(2,000)
Asiatic Executive Share Option Scheme									
- Shares issued [see Note I(e)]	573	1,303	-	-	-	-	1,876	-	1,876
- Fair value of employees' services	-	-	-	-	135	-	135	-	135
Appropriation:									
- Special dividend paid for the financial year ended 31 December 2007 (6 sen less 26% tax)	-	-	-	-	-	(33,573)	(33,573)	-	(33,573)
- Final dividend payable for the financial year ended 31 December 2007 (4.75 sen less 26% tax)	-	-	-	-	-	(26,583)	(26,583)	-	(26,583)
Balance at 30 June 2008	378,142	39,236	18,063	(6,772)	788	1,803,049	2,232,506	12,375	2,244,881



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008 (Continued)

<----- Attributable to equity holders of the Company ----->

	Reserve								
	Share Capital RM'000	Share Premium RM'000	Re- valuation Reserve RM'000	on Exchange Differences RM'000	Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1 January 2007	375,211	32,948	18,075	(355)	379	1,331,105	1,757,363	11,392	1,768,755
Revaluation surplus realised from sale of land	-	-	(12)	-	-	12	-	-	-
Foreign exchange differences recognised directly in equity	-	-	-	(630)	-	-	(630)	-	(630)
Net income/(expense) recognised directly in equity	-	-	(12)	(630)	-	12	(630)	-	(630)
Profit for the financial period	-	-	-	-	-	121,454	121,454	1,318	122,772
Total recognised income and expense for the financial period	-	-	(12)	(630)	-	121,466	120,824	1,318	122,142
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(1,869)	(1,869)
Asiatic Executive Share Option Scheme									
- Shares issued	1,225	2,505	-	-	-	-	3,730	-	3,730
- Fair value of employees' services	-	-	-	-	149	-	149	-	149
Appropriation:									
- Final dividend payable for the financial year ended 31 December 2006 (4.25 sen less 27% tax)	-	-	-	-	-	(23,357)	(23,357)	-	(23,357)
Balance at 30 June 2007	<u>376,436</u>	<u>35,453</u>	<u>18,063</u>	<u>(985)</u>	<u>528</u>	<u>1,429,214</u>	<u>1,858,709</u>	<u>10,841</u>	<u>1,869,550</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008

	2008 RM'000	2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	300,816	157,853
Adjustments for:		
Depreciation of property, plant and equipment	8,725	9,162
Depreciation of investment property	150	196
Amortisation of leasehold land use rights	1,055	1,440
Interest income	(8,900)	(5,037)
Share of results in associates	(3,414)	(1,439)
Other adjustments	371	738
	<u>(2,013)</u>	<u>5,060</u>
Operating profit before changes in working capital	298,803	162,913
Changes in working capital:		
Net change in current assets	(35,994)	(7,424)
Net change in current liabilities	14,132	(13,939)
	<u>(21,862)</u>	<u>(21,363)</u>
Cash generated from operations	276,941	141,550
Tax paid (<i>net of tax refund</i>)	(48,178)	(25,288)
NET CASH GENERATED FROM OPERATING ACTIVITIES	228,763	116,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,124)	(17,976)
Plantation development	(15,659)	(6,345)
Purchase of intangible asset	(41,706)	-
Other investing activities	8,457	4,185
NET CASH USED IN INVESTING ACTIVITIES	(72,032)	(20,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares [<i>see Note 1(e)</i>]	1,876	3,730
Dividend paid	(33,573)	-
Dividend paid to minority shareholders	(2,000)	(1,869)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(33,697)	1,861
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,034	97,987
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	495,094	261,363
EFFECT OF CURRENCY TRANSLATION	19	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	618,147	359,350
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	338,476	170,189
Bank balances and deposits	279,671	189,161
Cash and cash equivalents at end of financial period	618,147	359,350

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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ASIATIC DEVELOPMENT BERHAD NOTES TO THE INTERIM FINANCIAL REPORT - SECOND QUARTER ENDED 30 JUNE 2008

I) Compliance with Financial Reporting Standard (“FRS”) 134

a) *Accounting Policies and Methods of Computation*

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. The financial information for the six months period ended 30 June 2008 have been reviewed by the Company’s auditor in accordance with the International Standards on Review Engagements (“ISRE”) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2007 except for the following:

In the current financial period, the Group adopted the following revised FRSs and IC interpretation which are applicable to financial statements for annual periods beginning on or after 1 January 2008 and are relevant to its operations:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation.	

IC Interpretation 8 Scope of FRS 2

The above FRSs and IC interpretation do not have any significant financial impact on the Group for the half-year ended 30 June 2008 and corresponding half-year ended 30 June 2007.

b) *Seasonal or Cyclical Factors*

Fresh fruit bunches (“FFB”) production is seasonal in nature. Production of FFB normally peaks in the second half of the year but this cropping pattern can be affected by changes in weather conditions.

c) *Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow*

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow for the half-year ended 30 June 2008.

d) *Material Changes in Estimates*

There were no significant changes made in estimates of amounts reported in prior financial years.

e) Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity during the half-year ended 30 June 2008 other than the issuance of 1,147,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at exercise prices of 92 sen, 145 sen and 165 sen per ordinary share.

f) Dividend Paid

No dividend was paid during the current quarter.

g) Segment Information

Segment analysis for the half-year ended 30 June 2008 is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	536,903	58,085	-	594,988
Segment profit/(loss)	287,191	7,725	(6,414)	288,502
Interest income				8,900
Share of results in associates				3,414
Profit before taxation				300,816
Taxation				(68,744)
Profit for the financial period				232,072

i) Valuation of Property, Plant and Equipment

There were no changes to valuation of property, plant and equipment brought forward from the previous financial year.

j) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the half-year ended 30 June 2008 that have not been reflected in this interim financial report.

k) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the half-year ended 30 June 2008.

l) Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2007.

l) Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 June 2008 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	31,645	180,003	211,648
Intellectual property development	22,806	-	22,806
Plantation development	29,425	91,186	120,611
Investment properties	200	1,200	1,400
	<u>84,076</u>	<u>272,389</u>	<u>356,465</u>



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ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – SECOND QUARTER ENDED 30 JUNE 2008

II) Compliance with Appendix 9(B) of Bursa Securities Listing Requirements

1) Review of Performance

The results of the Group are tabulated below:

RM' Million	CURRENT QUARTER		%	PRECEDING QUARTER		FINANCIAL YEAR-TO-DATE		%
	2008	2007		1Q 2008	1H 2008	1H 2007		
			+/-		+/-			+/-
Revenue								
Plantation	287.4	179.0	+61	249.5	+15	536.9	308.0	+74
Property	34.5	13.4	>100	23.6	+46	58.1	33.7	+72
	<u>321.9</u>	<u>192.4</u>	+67	<u>273.1</u>	+18	<u>595.0</u>	<u>341.7</u>	+74
Profit before tax								
o Plantation	153.7	89.0	+73	133.5	+15	287.2	144.8	+98
o Property	3.8	0.8	>100	3.9	-3	7.7	6.0	+28
o Others	0.1	3.8	-97	5.8	-98	5.9	7.1	-17
	<u>157.6</u>	<u>93.6</u>	+68	<u>143.2</u>	+10	<u>300.8</u>	<u>157.9</u>	+91

The Group registered higher revenue and pre-tax profit for the current quarter and half year ended 30 June 2008 as compared to previous year's corresponding periods on the back of higher palm products selling prices and FFB production.

The Group registered a higher CPO selling price of RM3,534/mt in the current quarter compared to RM2,408/mt in 2Q 2007. For 1H 2008, the Group achieved a CPO selling price of RM3,473/mt as against RM2,181/mt in 1H 2007.

Likewise, the Group's achieved palm kernel selling price for 2Q 2008 and 1H 2008 of RM2,015/mt and RM2,010/mt were considerably higher than previous year's corresponding periods of RM1,342/mt and RM1,212/mt respectively.

FFB production for 2Q 2008 and 1H 2008 were 8% and 7% higher than previous year's corresponding periods.

2) Material Changes in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

Profit before tax for the current quarter was higher than the preceding quarter on account of higher palm products selling prices along with 11% increase in FFB production.

3) Prospects

Barring any unforeseen circumstances, the performance of the Group for the remaining period of the current financial year is expected to be satisfactory.

4) Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the financial year.

5) *Taxation*

Tax charge for the current quarter and financial year-to-date are set out below:

	Current Quarter RM'000	Current Financial Year-To-Date RM'000
Current taxation:		
- Malaysian income tax charge	31,077	66,934
- Deferred tax charge/(credit)	8,869	(1,314)
	39,946	65,620
Prior year's taxes:		
- Deferred tax under provided	986	3,124
	40,932	68,744

The effective tax rate for the financial year-to-date is lower than the statutory tax rate mainly due to utilisation of agriculture allowances and tax incentive enjoyed by the Group which are subject to agreement of the relevant authorities.

6) *Profit on Sale of Unquoted Investments and/or Properties*

The results for the current quarter do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

7) *Quoted Securities Other than Securities in Existing Subsidiaries and Associates*

There were no dealings in quoted securities for the current quarter ended 30 June 2008.

8) *Status of Corporate Proposals Announced*

Proposed Joint Venture in Oil Palm Cultivation

- a) On 8 June 2005, the Company announced that 5 of its subsidiaries had entered into 5 separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia. One of the Joint Venture Agreements has become unconditional on 5 December 2007 and the joint venture company, PT Sepanjang Intisurya Mulia has secured the Hak Guna Usaha certificate for 14,261 hectares of land. The other 4 Joint Venture Agreements have yet to become unconditional and the parties to the said agreements have mutually agreed to extend the period for fulfilment of the conditions precedent up to and including 8 June 2009.
- b) On 11 June 2008, the Company announced that Mediglove Sdn Bhd ("Mediglove"), a wholly owned subsidiary of the Company, had entered into 2 separate Subscription and Shareholders' Agreements ("the Agreements") for the purpose of acquiring and developing approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("Proposed JV").

The completion of the Proposed JV is subject to, inter-alia, the following outstanding conditions precedent to be fulfilled within 3 months from the date of the Agreements or such period as may be mutually agreed by the parties therein:

- i) the satisfactory completion of the due diligence exercise to be conducted by Mediglove or the Company on the Proposed JV;
- ii) the Agreements having become unconditional;
- iii) the constitutional documents and such other agreements regulating the relationship between shareholders of the Proposed JV have been approved by Mediglove; and
- iv) any other approvals from relevant regulating and governmental authorities as may be necessary.

The approval of Bank Negara Malaysia has been obtained. As at 19 August 2008, total deposit of USD5,000,000 has been paid by Mediglove for subscription of shares in the Proposed JV.

- c) On 13 August 2008, the Company announced that Ketapang Agri Holdings Pte Ltd, an indirect wholly-owned subsidiary of the Company, had entered into a joint venture agreement to develop approximately 15,800 hectares of agricultural land into oil palm plantation in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia (“the Land”) (“the Proposed Joint Venture”). The Proposed Joint Venture is subject to, inter-alia, the following conditions precedent being obtained no later than 31 December 2011:
 - i) the approval of Bank Negara Malaysia;
 - ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board of the Republic of Indonesia; and
 - iii) a due diligence study on the Land and the Joint Venture Company.

As at 19 August 2008, there have been no material changes to the status of the above proposals.

9) *Group Borrowings and Debt Securities*

The Group does not have any borrowings or debt securities as at 30 June 2008.

10) *Off Balance Sheet Financial Instruments*

There are no off balance sheet financial instruments as at 19 August 2008.

11) *Changes in Material Litigation*

On the status of the legal Suit No. K22-245 of 2002 filed in the High Court of Sabah and Sarawak at Kota Kinabalu (“the High Court”) wherein the Company and Asiatic Tanjung Bahagia Sdn Bhd (“ATBSB”) were named as the Second and Third Defendants respectively (“the Defendants”) (“the Suit”), the High Court had on 20 June 2008 upheld the Defendants’ preliminary objection with costs awarded to the Defendants. The Suit was instituted by certain natives (“the Plaintiffs”) claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by ATBSB from Hap Seng Consolidated Berhad.

The Defendants had raised a preliminary objection that the High Court has no original jurisdiction to hear the Suit and that this Suit will lead to multiplicity of action as the Plaintiffs had already made application to the Assistant Collector of Land Revenue for similar claims.

The Plaintiffs have filed a Notice of Appeal to the Court of Appeal on 7 July 2008 against the decision of the High Court made on 20 June 2008.

Other than the above, there have been no changes to the status of the aforesaid litigation as at 19 August 2008.

12) Dividend Proposed or Declared

- a) i) An interim dividend for the half year ended 30 June 2008 has been declared by the Directors.
- ii) The interim dividend for the half year ended 30 June 2008 is 5 sen per ordinary share of 50 sen each, less 26% tax.
- iii) The interim dividend declared and paid for the previous year's corresponding period was 3.25 sen per ordinary share of 50 sen each, less 27% tax.
- iv) The interim dividend shall be payable on 16 October 2008.
- v) Entitlement to the interim dividend :-
- A Depositor shall qualify for entitlement to the interim dividend only in respect of:
- o Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 September 2008 in respect of ordinary transfers; and
 - o Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.
- b) The total dividend payable for the half year ended 30 June 2008 is 5 sen per ordinary share of 50 sen each, less 26% tax.

13) Earnings per Share

	Current Quarter 2Q 2008	Current Financial Year-To- Date
a) Basic earnings per share		
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>115,085</u>	<u>229,246</u>
Weighted average number of ordinary shares in issue ('000)	<u>756,228</u>	<u>756,024</u>
Basic earnings per share (sen)	<u>15.22</u>	<u>30.32</u>
b) Diluted earnings per share		
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>115,085</u>	<u>229,246</u>
Adjusted weighted average number of ordinary shares in issue ('000)		
Weighted average number of ordinary shares in issue	<u>756,228</u>	<u>756,024</u>
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	<u>2,942</u>	<u>4,307</u>
	<u>759,170</u>	<u>760,331</u>
Diluted earnings per share (sen)	<u>15.16</u>	<u>30.15</u>

14) Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the financial year ended 31 December 2007 did not contain any qualification.

TAN SRI MOHD AMIN BIN OSMAN

Chairman

Asiatic Development Berhad

26 August 2008